

Protocol - Appendix A

Defined Terms

For purposes of this Protocol, the following terms will have the following meanings:

“Annual Embedded Costs – All Other” means PacifiCorp’s total normalized annual production costs expressed in dollars per MWh (not including costs associated with Hydro-Electric Resources, Mid-Columbia Contracts and Existing QF Contracts) as recorded in the FERC Accounts listed in Appendix E to the Protocol.

“Annual Embedded Costs – Hydro-Electric Resources” means PacifiCorp’s total normalized annual production costs, expressed in dollars per MWh, associated with Hydro-Electric Resources as recorded in the FERC Accounts listed in Appendix E to the Protocol.

“Annual Mid-Columbia Contract Costs” means annual net costs incurred by PacifiCorp under the Mid-Columbia Contracts, expressed in dollars per MWh.

“APS Contract” means the Long-Term Power Transactions Agreement between PacifiCorp and Arizona Public Service Company dated September 21, 1990, as amended.

“Coincident Peak” means the hour each month that the combined demand of all PacifiCorp retail customers is greatest. In States using an historic test period, Coincident Peak is based upon actual, metered load data. In States using future test periods, Coincident Peak is based upon forecasted loads.

“Company” means PacifiCorp.

“Commission” means a utility regulatory commission in a State.

“Comparable Resource” means Resources with similar capacity factors, start-up costs, and other output and operating characteristics.

“Customer Ancillary Service Contracts” means contracts between the Company and a retail customer pursuant to which the Company pays the customer for the right to curtail service so as to lower the costs of operating the Company’s system.

“Demand-Related Costs” means capital and other Fixed Costs incurred by the Company in order to be prepared to meet the maximum demand imposed upon its system.

“Demand-Side Management Programs” means programs intended to improve the efficiency of electricity use by PacifiCorp’s retail customers.

“Direct Access Customers” means retail electricity consumers located in PacifiCorp’s service territory that either: a) purchase electricity directly from a supplier other than PacifiCorp pursuant to a Direct Access Program or b) elect to have all or a portion of the electricity they purchase from PacifiCorp priced based upon market prices rather than the Company’s traditional cost-of-service rate. If a State implements a Direct Access Program pursuant to which Freed-Up Resources are transferred between customer classes, such transfers shall be considered Direct Access Purchases and Sales.

“Direct Access Program” means a law or regulation that permits retail consumers located in PacifiCorp’s service territory to purchase electricity directly from a supplier other than PacifiCorp.

“Direct Access Purchases and Sales” means Wholesale Contracts and Short-Term Purchases and Sales entered into by PacifiCorp either to supply customers who have become Direct Access Customers or to dispose of Freed-Up Resources.

“Energy-Related Costs” means costs, such as fuel costs that vary with the amount of energy delivered by the Company to its customers during any hour plus any portion of Fixed Costs that have been deemed to have been incurred by the Company in order to meet its energy requirements.

“Existing QF Contracts” means Qualifying Facility Contracts entered into prior to the effective date of this Protocol, but not such contracts renewed or extended subsequent to the effective date of this Protocol.

“Existing Resources” means Resources whose costs were committed to prior to Direct Access Customers making an election to permanently forego being served by the Company at a cost-of-service rate.

“Exchange Contracts” means Wholesale Contracts pursuant to which PacifiCorp accepts delivery of power at one place and/or point in time and delivers power at a different place and/or point in time.

“FERC” means the Federal Energy Regulatory Commission.

“Fixed Costs” means costs incurred by the Company that do not vary with the amount of energy delivered by the Company to its customers during any hour.

“Freed-Up Resources” means Resources made available to the Company as a result of its customers becoming Direct Access Customers.

“General Plant” means capital investment included in FERC accounts 389 through 399.

“Grant County” means Public Utility District No. 2 of Grant County, Washington

“Hydro-Electric Resources” means Company-owned hydro-electric plants located in Oregon, Washington or California.

“Intangible Plant” means capital investment included in FERC accounts 301 through 303.

“Load-Based Dynamic Allocation Factor” means an allocation factor that is calculated using States’ monthly energy usage and/or States’ contribution to monthly system Coincident Peak.

“Mid-Columbia Contracts” means the Power Sales Contract with Grant County dated May 22, 1956; the Power Sales Contract with Grant County dated June 22, 1959; the Priest Rapids Project Product Sales Contract with Grant County dated December 31, 2001; the Additional Products Sales Agreement with Grant County dated December 31, 2001; the Priest Rapids Project Reasonable Portion Power Sales Contract

with Grant County dated December 31, 2001; the Power Sales Contract with Douglas County PUD dated September 18, 1963; the Power Sales Contract with Chelan County PUD dated November 14, 1957 and all successor contracts thereto.

“Net Power Costs” means PacifiCorp’s fuel and wheeling expenses and costs and revenues associated with Wholesale Contracts, Seasonal Contracts, Short-Term Purchases and Sales and Non-Firm Purchases and Sales.

“New QF Contracts” means Qualifying Facility Contracts that are not Existing QF Contracts.

“New Resources” means Resources that are not Existing Resources as established pursuant to Paragraph XA2 of the Protocol.

“Non-Firm Purchases and Sales” means transactions at wholesale that are not Wholesale Contracts, Seasonal Contracts, Short-Term Purchases and Sales or Direct Access Purchases and Sales.

“Portfolio Standard” means a State law or regulation that requires PacifiCorp to acquire: (a) a particular type of Resource, (b) a particular quantity of Resources, (c) Resources in a prescribed manner or (d) Resources located in a particular geographic area.

“Protocol” means this PacifiCorp Inter-Jurisdictional Cost Allocation Protocol.

“Qualifying Facility Contracts” means contracts to purchase the output of small power production or cogeneration facilities developed under the Public Utility Regulatory Policies Act of 1978 (PURPA) and related State laws and regulations.

“Resources” means Company-owned and leased generating plants and mines, Wholesale Contracts, Seasonal Contracts, Short-Term Purchases and Sales and Non-firm Purchases and Sales.

“Seasonal Contract” means a Wholesale Contract pursuant to which the Company acquires power for five or less months during more than one year.

“Seasonal Resource” means: (a) a SCCT owned or leased by the Company, (b) any Seasonal Contract or c) Cholla Unit 4.

“Short-Term Purchases and Sales” means physical or financial contracts pursuant to which PacifiCorp purchases, sells or exchanges firm power at wholesale and Customer Ancillary Service Contracts that are less than one year in duration.

“Simple-Cycle Combustion Turbines” or “SCCTs” means simple-cycle combustion turbine generating units.

“Special Contract” means a contract entered between PacifiCorp’s and one of its retail customers with prices, term and conditions different from otherwise-applicable tariff rates. Special Contracts may provide for a discount to reflect Customer Ancillary Services Contract attributes.

“Special Contract Ancillary Service Discounts” means discounts from otherwise applicable rates provided for in Special Contracts.

“Standing Neutral” means an independent party, with experience in electric utility ratemaking, retained by the MSP Standing Committee to facilitate discussions among States, monitor issues and assist the MSP Standing Committee as required.

“State Resources” means Resources whose costs are assigned to a single State to accommodate State-specific policy preferences.

“System Resources” means Resources that are not Seasonal Resources, Regional Resources, State Resources or Direct Access Purchases and Sales and whose associated costs and revenues are allocated among all States on a dynamic basis.

“State” means Utah, Oregon, Wyoming, Idaho, Washington or California.

“Variable Costs” means costs incurred by the Company that vary with the amount of energy delivered by the Company to its customers during any hour.

“Wholesale Contracts” means physical or financial contracts pursuant to which PacifiCorp purchases, sells or exchanges firm power at wholesale and Customer Ancillary Service Contracts that have a term of one year or longer.